



STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

M. JODI RELL
GOVERNOR

CRISTINE A. VOGEL
COMMISSIONER

August 11, 2005

Robert J. Anthony, Esquire
Brown Rudnick Berlack Israels LLP
185 Asylum Street, 38th floor
Hartford, CT 06103

Re: Certificate of Need Determination Report Number 05-30474-DTR
Saint Mary's Hospital, Inc. and Franklin Medical Group, P.C.
Corporate Re-organization of Three Health Centers

Dear Attorney Anthony:

On April 6, 2005, the Office of Health Care Access ("OHCA") received the CON Determination request of Saint Mary's Hospital, Inc. ("Hospital") to undertake a corporate restructuring of its three health centers. On May 19, 2005 and August 9, 2005, OHCA received additional information from the Hospital regarding the above proposal. OHCA has reviewed the information contained in the request and makes the following findings:

1. Saint Mary's Hospital, Inc. ("SMH") is a non-profit, acute care hospital located at 56 Franklin Street in Waterbury, CT.
2. Franklin Medical Group, P.C. ("FMG") is a professional services corporation incorporated to employ SMH's academic medical staff specialists. FMG is a SMH multi-specialty, faculty practice plan affiliate located at 56 Franklin Street in Waterbury.
3. Primary health care services are provided at three health centers in Waterbury: The Family Health Center located at 51 North Elm Street, The Children's Health Center located at 133 Scovill Street, First Floor, and the Dental Health Center located at 133 Scovill Street ("Centers").
4. Prior to May 2003, the Centers were organized as licensed clinics of SMH. The Centers were owned and controlled entities of SMH.
5. In May 2003, SMH changed the organizational structure of the Centers whereby FMG operated the Centers as physician office practices. Services are provided at the Centers and billed for by individual licensed physicians employed by, or otherwise engaged by, FMG.

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6. The three health centers are currently listed on SMH's license.
7. SMH is proposing to change the corporate structure of the three health centers from SMH to FMG due to reimbursement issues related to commercially insured patients. The three health centers would be removed from SMH's license and operated as physician offices by FMG.
8. There was no capital expenditure associated with the corporate restructuring.

Based on the above findings, OHCA has determined that the proposed corporate restructuring of SMH's three health centers in Waterbury prior to 2003 resulted in a change in ownership of the health services offered by SMH. Therefore, a CON is required pursuant to Section 19a-638 of the Connecticut General Statutes.

OHCA considers the submission of information received on August 9, 2005 as the Letter of Intent for this matter; therefore SMH may file a CON application with OHCA between October 10, 2005, and December 7, 2005. The CON application is attached.

If you have any questions regarding the above, please contact

Sincerely,

Signed by Cristine A. Vogel
Commissioner

Cc: Rose McLellan, Processing Technician, DHSR, DPH

CAV:km